

12 May 1986

MEMORANDUM FOR THE RECORD

SUBJECT: Telephone Call From Andy Ruddock

1. Andy Ruddock called this date to advise that he understands the Congress and the Administration are close to agreement on supplemental retirement. Andy advises that the following appear to be the major parts of the compromise:

a) Employees hired before 1984, who elect to remain in the old system may contribute only 5% to the Thrift Plan vice 10%.

b) For post-1983 employees, the up-front 1% Government contribution to the Thrift Plan will vest after three years vice immediately.

c) There will be an earnings test on the supplemental portion of the annuity from the time of retirement to age 62. This test basically says that for earnings in excess of \$25,000 for a single person and \$32,000 for a married couple, the supplemental annuity will be reduced \$1.00 for every \$2.00 over these amounts.

2. Andy is under the impression that things will be moving quickly from here-on-out with a conference report being issued early next week. It is Andy's understanding that the compromise will include a provision for the reimbursement of appropriate monies to employees who have the total 14% deducted from their salaries during this interim period.

3. talked with House Post Office and Civil Service Committee staffers today and they also advised that the bill will probably move very quickly along the lines indicated above by Andy.

Distribution:

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Ret. Leg. File

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In this legislation, the DCI is being given authority to administer the retirement programs for all employees of the Agency. The purpose in granting this authority is to establish a mechanism for the Director to provide adequate protection of the identities of Agency employees as required under existing statute. Incorporated in our legislation is the provision whereby the DCI will be permitted to direct appropriate disbursements from the Civil Service Retirement Fund to pay authorized benefits to Agency employees. While this authority is implied in the proposed legislation, a specific provision has been added to clarify the intent. Because the Agency will be maintaining exclusive records on disbursements out of the Civil Service Retirement System for qualified Agency employees, the Director in utilizing this authority will establish procedures, in consultation with the Director, Office of Personnel Management, for a periodic audit of CIA records on non-CIARDS participants, to ensure consistency with OPM's procedures. The audits will be performed in a manner which meets the Agency's security requirements. This will include appropriate CIA approved security clearance for the auditors.

Procedurally, the CIA will maintain all the records on all Agency retirees. Checks will be issued or Electronic Funds Transfer (EFT) initiated for payment of the retiree benefits with the appropriate credit to the CSRS fund.

OPM will be able to review the adjudication process used by CIA for payments to non-CIARDS type retirees. Under this scenario, OPM would provide the names of auditors and the Agency would obtain a security clearance on these auditors. Upon approval of the security clearance, the OPM auditors would have access to any detailed information that does not jeopardize security and such retirement records as mutually agreeable between OPM and the Agency. The OPM audit information would have to be sanitized if taken out of Agency premises.

The Agency and OPM will develop arrangements for the handling of records for employees resigning from the CIA or transferring to or from another Government agency. These arrangements will provide for the protection of sensitive information as required by existing statute.

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